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Fax Cover Sheet

FROM: Stephen Battaglini, President, Integrated Technological Systems, Inc.
TO: Brian S. Steinberger, Esq.
Date: Sunday, July 16, 2000
RE: Cash Magic Patent Analysis

Total # of pages including cover:

12

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MEMO

TO: Brian S. Steinberger, Esq.

FROM: Michael D. Battaglini, Esq.

RE: CM invention, new, novel and unobvious aspects.

I am pleased to have retained your services. I have found you to be competent, cordial and generous in sharing your knowledge of your specialty. My associates, as well as myself, are impressed with the understanding you were able to grasp on our rather technical inventive process from our brief meeting on the day before you left for Washington and your professional search and report. You are indeed a "lawyer's lawyer." I would like you to consider further representation with regard to which I would like you to consider the following which was I was not able to make clear to you in our initial brief meeting. I'll call you to discuss further actions after you have had an opportunity to read this memo.

1. All electronic money transfer systems employ at least some similar electronic equipment and processes. They variously utilize a combination of some or all the following:
 - A. Cards: I.C. chip "Smart Cards" or magnetic stripe cards.
 - B. Devices or terminals to implement the initial transfer or "charging."
 - C. Communications method utilizing telephone lines, private internal lines, or the Internet.
 - D. Computers.
 - E. Proprietary software programs to process the data.
 - F. Data banks to store and disseminate data.
 - G. Banks and bank accounts.
 - H. Outsourced processors and processing networks.
 - I. Communications by verbalization, electronic signals or tones.
 - J. Security measures.
 - K. ATM's, card swipes, electronic I.C. chip "smart card" reading devices, or computer Internet signals.
2. It would appear that what makes the invention new, novel and unobvious, is the unique combination of the electronic equipment and processes, combined with a unique proprietary software program, to accomplish a different result which is an improvement on prior inventions by way of speed, automation, cost, and result obtained. The CM combination, sequence, software and end result appear to my associates and I to be a unique invention, for the following reasons, and based upon the attached analysis of the prior patents your professional research has located:
 - A. Any credit or debit card with a PIN number can implement the transfer without prior arrangement with CM.
 - B. The transfer will be made with a touch-tone phone accessing a fully automated system.

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- C. The CM call center computer with its unique software program will process the transaction as if it were an ATM device to which the "sender" had presented the card and PIN number.
- D. The processing will authorize CM to pay-out the cash and transfer the money from the sender's credit or debit card to CM virtually simultaneously, in "real time".
- E. The CM unique software program will "split deposit" the CM fee to the CM income account and the amount to be transferred to the recipient, plus reserve for ATM surcharges and pay-out processing fees, to an individual bank Escrow account identified by a 9-digit account number.
- F. The escrow account terms will provide for payment of the sent amount to the recipient upon presentation to an ATM of a CM magnetic stripe card plus additional numbers entered on the keypad in response to the ATM PIN number prompt which the CM program will interpret as part of the Escrow account number.
- G. A 9-digit escrow account number will identify the particular escrow account.
- H. All CM ATM money receipt cards will have a 16-digit "account number" and an additional 4-digits as described, for customer familiarity, as a PIN number.
- I. The first 11 numbers read from the magnetic stripe by the ATM device will provide for access to the processing network, e.g., VISA PLUS, Honor, etc., and routing to the CM bank Escrow account.
- J. If the recipient was already in possession of a CM ATM card, known to sender, the sender will have entered that number on the touch-tone phone keypad. The unique proprietary CM software program will deposit the recipient's money by pre-arrangement with its bank, into an Escrow account. The number assigned to that account will consist of the last 5 numbers of the particular CM account card number plus the 4-digit "PIN number" for that card provided from the CM data bank. The recipient will access the account by inserting the card, which will provide the first 5 numbers of the Escrow account number and entering the last 4 numbers of the Escrow account number by entering the 4 numbers in response to the "PIN number" prompt.
- K. If the recipient was not already in possession of a CM ATM card, known to the sender, the sender will indicate that in response to the CM call center's computer prompts and the CM unique proprietary program will assign a random 9-digit "One in a Billion" account number to which Escrow account it will deposit the recipient's money. This 9-digit number will be conveyed by the computer's interactive voice technology to the sender who will convey same to the recipient. The recipient will obtain a CM ATM card, insert the card into an ATM and enter the 9-digit Escrow account number in response to the "enter PIN number" prompt.

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- L. The CM unique proprietary software will interpret the Escrow account number and access that bank Escrow account. The accessed bank Escrow account will authorize payment by the ATM to the recipient, the payment of the ATM surcharge and the network processing fees as quickly as is now possible with other ATM credit and debit cards.
3. Attached for your consideration are our brief comparisons to the prior patents your research located.

I hope that you will agree that CM is unique, new, and an improvement over prior patents in that, it is fully automated, requires no prior relationship with CM, requires no prior "linking" between the sender and receiver, requires no proprietary electronic devices to read cards or to "send" or "receive" the transferred funds, does not require any changes to existing ATM programs, does not require employee intervention in the process, does not permit employee access to private personal information, implements a virtually simultaneous secure transfer, deposits the transferred funds into a secure bank Escrow account, has the fund accessible from any existing ATM worldwide, is less expensive to operate than any of the existing patents, and in particular to the processes employed by Western Union and MoneyGram that actually service 97% of the "emergency" money transfer market. We certainly do believe CM to be more substantially different and a more substantial improvement over each of the prior patents than they were to each other.

I shall call you to obtain and discuss your professional opinion and the prospect of moving forward. You may, of course, feel free to call or fax me at the number listed below.

Cordially,

Michael D. Battaglini, Esq.
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Patent Analysis: # 5,350,906, September 1994, Brody, et. al.

Features:

(See "what is claimed" on the last page of patent)

Utilize ATM magnetic stripe cards

Purchased in preprogrammed amounts or placed on card by a store clerk

From Network "sponsor(s)" retail outlets

With cash or credit card payment to store clerk

Amount can be made accessible to a different recipient by:

Inserting preprogrammed card into an ATM.

ATM program recognizes card and switches to a special control program system.

System assigns half of PIN # and "sender" assigns other half of PIN # and "password" or other security measure(s), if desired.

Recipient goes to nearest "sponsor" retail outlet and obtains a "one-time" retrieval card.

Card is inserted into the ATM with the "PIN password" to retrieve the amount in the "sub-account" associated with the "password".

Distinguishing Aspects:

Apart from the large amount of rhetoric about money transfers – the actual patent "claims" are very limited:

- Requires "sponsors" – retail outlets to sell pre-programmed cards or to place amount on the magnetic card by a store clerk.
- Requires ATM's with program to transfer money from that account to a sub-account and an ATM in the same "sponsor" chain with the pay-out ATM unique program.

Opinion:

CM sufficiently different than the "claims" to warrant issuance of a patent.

Patent Analysis: # 4,837,422, June 6, 1989, Dethloff, et. al.

Features:

I.C. card – specifically negates magnetic stripe cards.

Issue to a single cardholder by issuer.

Can be reprogrammed by using “master enabling code” to permit use by a “sub-user” with a sub-pin for a limited use.

Distinguishing Aspects:

- I.C. card not magnetic stripe
- Money transferred to issuer for access by master account or sub-account(s)
- Sub-accounts must have cards possesses in advance of need.

Opinion:

CM sufficiently different to warrant issuance of patent.

Patent Analysis: # 5,953,710 , September 1989, Fleming.

Features:

A computer implemented method of supervising credit or debit card account usage by selectively altering available credit.

1st credit account and card and at least one second credit or debit account and card which is linked to the first account.

“Parent card” can set and change limits on usage of “child’s card” which initially is set at zero.

Parent can use touch-tone phone with PIN # to access system and establish or change limits on usage of the “child’s card” to draw against the parents credit or debit.

Parents credit or debit established with issuer and “child’s” available usage of a portion of that amount controlled by the parent.

Distinguishing Aspects:

- Pre-arranged accounts which are linked to each other.

Opinion:

CM sufficiently different to warrant issuance of a patent.

Patent Analysis : #6,061,664, May 2000, Pieterse.

Features:

To order and effect electronic payments for services with a "smart card".

Providing for a revaluation unit for increasing the balance of the "smart card".

The revaluation unit may comprise a processor system (e.g., a PC) running suitable software which exchanges data by way of the facilitating unit, the communications network, the terminal and the interface device, with the payment means.

"Furthermore", the system of the invention is not substantially changed if magnetic cards are used instead of smart cards, e.g., as prepaid cards storing balances."

"The system may also be applied with payment means which serve exclusively for identification, and in which payments are debited to an account." (i.e., rather than a smart card or magnetic card storing balances).

Distinguishing Features:

- Basic concept is a smart card "charged" with a balance for making payments at a user terminal.
- Claims include magnetic cards and cards for identification as alternate to charged cards.
- Basically not a money transfer system though vague claims, without supporting technology, may conflict with CM.

Opinion:

CM may be sufficiently different to warrant a patent.

Patent Analysis: #6,032,136, February 2000, Brake, Jr., et. al.,
assigned to First USA Bank, N.A., Wilmington, DE.

Features:

“Transaction card” (i.e., prepaid telephone card or gasoline product purchase card) which can be combined with a secondary use as a credit card.

Distinguishing Aspects:

- Not a money transfer card

Opinion:

CM sufficiently different to warrant issuance of a patent.

Patent Analysis: # 6,044,360, March 2000, Picciallo.

Features:

Pre-established customer accounts with funds deposited by the account holder which can be designated, by touch tone phone, to permit access, in whole or in part, by a 3rd party recipient with a magnetic card which would access "secondary file" so created.

The magnetic card will be encoded with an identifier correlated to the "secondary file" of the pre-established account.

Distinguishing Features:

- Requires pre-established fund account.
- Requires recipient of funds with magnetic stripe card to possess a card pre-correlated to a secondary (or sub-account) of the pre-established fund holding account.

Opinion:

CM sufficiently different to warrant issuance of a patent.

Patent Analysis: #5,991,748, November 1999, Taskett, assigned to American Express Travel Related Services Company, Inc., New York, NY.

Features:

A combined prepaid telephone card and a "transaction instrument," i.e., credit or debit card, allowing easy transfer of funds from the "transaction card" to the prepaid telephone card.

Distinguishing Aspects:

- Function is to allow easy transfer of money from a credit card or debit card to a connected or linked prepaid phone card.

Opinion:

CM sufficiently different to warrant issuance of a patent.

Patent Analysis: # 5,884,290, March 16, 1999, Smorodinsky, et.al.,
assignee, Unisys Corporation, Blue Bell, PA.

Features:

Basically a money transfer system for paying bills by using computers
intercoupled with each other for that purchase.

Anticipates customers with accounts electronically transferring money
between accounts.

Distinguishing Aspects:

- Pre-arranged accounts bill payment system.

Opinion:

CM very different. This patent should not be a problem to CM.